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Your consumer-owned electricity distributor

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NETWORK TASMAN LIMITED

DEFAULT PRICE-QUALITY PATH COMPLIANCE STATEMENT

Assessment for Year ended 31 March 2018 (Assessment Period Three)

Pursuant to the Commerce Act
Electricity Distribution Services Default Price-Quality Path
Determination 2015

Dated 13 June 2018

INDEX

Supporting Information:

networktasman
Your consumer-owned electricity distributor

1 Directors' Certification

Default Price-Quality Path Compliance Statement

Year Ended 31 March 2018

We, Michael John McCliskie and Sarah-Jane Weir, being directors of Network Tasman Limited, certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached Annual Compliance Statement of Network Tasman Limited, and related information, prepared for the purposes of the Electricity Distribution Services Default Price-Quality Path Determination 2015 are true and accurate.

Director

Director

Dated: 13/06/2018

2 Default Price-Quality Path Compliance Statement

a). Background

Network Tasman Limited (**NTL**) is a Non Exempt Electricity Distribution Business as defined in section 54G of the Commerce Act 1986 and consequently is subject to Default Price-Quality Regulation. This statement provides an assessment of NTL's compliance with the requirements of the Electricity Distribution Services Default Price-Quality Path Determination 2015 (the **DPP Determination 2015**) for the year ended 31 March 2018.

b). Information

The audited information NTL has included in this statement has been prepared specifically to comply with the requirements of Clauses 8-11 of the DPP Determination 2015. This audited information includes:

- NTL's schedule of DPP prices for 2017/2018 (Appendix 1)
- Calculation of the maximum allowable notional revenue compared with notional revenue distribution prices and quantities (Appendix 2)
- Pass through revenue calculations (Appendix 3)
- Calculation of pass-through balance (Appendix 4)
- Applicability of recoverable costs for 2017/18 DPP compliance (Appendix 5)
- Pass-through and recoverable costs used to set prices (Appendix 6)
- Reliability data and assessment (Appendix 7)
- Two previous annual reliability assessments (Appendix 8)
- Reliability recording policies and procedures (Appendix 9)
- Pass-through prices and quantities for 2016/17 (Appendix 10)

c). Price Path Compliance

Network Tasman Limited ***fully complies with the default price pathway*** requirements specified in Clause 8 of the DPP Determination 2015 for the year to 31 March 2018. The following test confirms NTL's compliance.

Test: Clause 8.3 of the DPP Determination 2015

The Notional Revenue for a Non-exempt EDB (NTL) in the Assessment Period for the year to 31 March 2018 must not exceed the allowable notional revenue for the Assessment Period:

Test per Clause 8.3:	**NR < ANR**
Where:	NR = Notional Revenue
	ANR = Allowable Notional Revenue
$ANR_{2017/18}$	$28,905,248
$NR_{2017/18}$	$27,557,735
Result:	**NR does not exceed ANR**

This test confirms NTL's compliance with the Default Price Path. Actual Notional Revenue $NR_{2017/18}$ was *$1,347,513 less* than the Allowable Notional Revenue for the Assessment Period ended 31 March 2018. The supporting evidence for the test above is provided in Appendices 1 and 2. NTL's schedule of distribution prices is contained in Appendix 1. Calculation of the allowable notional revenue and notional revenue is in Appendix 2.

Notional Revenue in the DPP compliance assessment includes all revenue NTL has derived from supply of the following controlled, non-contestable line function services:

- Electricity conveyance services provided under Use of Systems Agreements with electricity retailers
- Electricity conveyance services provided under Direct Connection Agreements with major electricity consumers and embedded electricity generators
- Network development levies and connection fees charged to new electrical loads at the time of their connection to Network Tasman Limited's distribution network.
- Application fees for Small Scale Distributed Generation (SSDG)

The Allowable Notional Revenue for the year to 31 March 2018 was calculated using the following formula set out in Schedule 3B of the DPP Determination 2015:

$$ANR_{2017/18} = (\sum DP_{2016/17} Q_{2015/16} + (ANR_{2016/17} - NR_{2016/17})) \times (1+\Delta CPI) \times (1-X)$$

d). Quality Standard Compliance

Network Tasman Limited ***fully complies with the default quality standard*** in Clause 9 of *Determination 2015* for the assessment period ended 31 March 2018. In particular:

- NTL's assessed SAIDI value has not exceeded the SAIDI Limit
- NTL's assessed SAIFI value has not exceeded the SAIFI Limit

Under Clause 9 of the DPP Determination 2015, to comply for Assessment Three, NTL must either:

- Under 9.1a, comply with the annual reliability assessment; or
- Under 9.1b, have complied with the annual reliability assessments in each of the two preceding Assessment periods.

The following test confirms NTL's compliance under 9.1a.

Figure 1: Quality standards compliance with clause 9.1a of the DPP Determination 2015

Test per 9.1a:

SAIDI Assessed Value ≤ SAIDI Limit recalculated in accordance with Schedule 4B

Assessed Value	120.74
SAIDI Limit	148.31
SAIDI complies with assessment	

SAIFI Assessed Value ≤ SAIFI Limit recalculated in accordance with Schedule 4B

Assessed Value	0.971
SAIFI Limit	1.565
SAIFI complies with assessment	

NTL's annual reliability assessments for the previous two periods are contained in Appendix 8 which demonstrates that 9.1b of the DPP Determination 2015 is also satisfied.

e). Transactions compliance

On 1 December 2014, NTL acquired from Transpower the 66kV transmission line to the Cobb hydro-electric power station and connection assets at Motueka and Golden Bay. As per clause 10.6 of the DPP Determination 2015 relating to the purchase of system fixed assets from Transpower, NTL has recalculated the SAIDI and SAIFI limits, boundary values, caps and collars contained in Schedule 4A, according to the methodology specified in Schedule 4B in the annual reliability assessment. These values were recalculated in the preparation of Assessment One. Details of the recalculations are set out in Appendix 7. NTL has not undertaken any other transmission acquisition in the relevant period.

NTL has not undertaken an Amalgamation, Merger or Major Transaction (as defined in the Determination 2015) in the assessment period for the year ended 31 March 2018.

f). Restructure of Prices Compliance

NTL is required to disclose any restructuring of prices in the year to 31 March 2018 that requires specific disclosure and assessment in terms of Clause 11.7 and 11.8 of the DPP Determination 2015. NTL did not restructure its pricing in this period.

g). Recoverable Costs and Pass-Through Costs

In accordance with the DPP Determination 2015 the recoverable and pass-through cost categories described below have been included in NTL's Default Price Path calculations.

i) **Recoverable Costs** $V_{2017/18}$ include the following cost categories:

- Charges billed by Transpower
  - i. Connection charges
  - ii. Interconnection charges
  - iii. New Investment charges
- Avoided transmission charges paid to embedded generators
- Avoided Transpower charge liability as a result of a transmission asset acquisition
- Quality incentive adjustment
- Capex wash-up adjustment

A list of the recoverable costs described in the Electricity Distribution Services Input Methodologies Determination 2012 (as amended at December 2015), and their applicability to NTL's DPP assessment for the year ended March 2018 is set out in Appendix 5.

ii) **Pass Through Costs** $K_{2017/18}$ include the following costs categories:

- Local Authority *Rates* levied on NTL's systems fixed assets including lines, cables, electrical equipment and substation land and buildings.
- Electricity Authority *Levies* for the regulatory costs allocated to all EDBs under an industry levy formula determined by government.
- Commerce Act *Levies* for the funding of Commerce Commission EDB regulatory activities that are allocated to all EDBs under an industry levy formula determined by government.
- Utilities Disputes *Levies* for funding the contribution all EDBs make towards the independent electricity and gas industry complaints resolution scheme.

A comparison of actual pass through and recoverable costs with those used to set prices is set out in Appendix 6.

h). Methodology used to set prices for 2017/18

Network Tasman set its posted prices for the 12 months commencing 2017 by determining the revenue requirement that would effectively fully take up the allowable notional distribution revenue, recover cash transmission costs and a portion of the incentive provided under the recoverable cost described in clause 3.1.3(1) of the Input Methodologies Determination. The way in which the revenue requirement is allocated to different customer groups in setting prices is discussed in detailed in Network Tasman's Pricing Methodology disclosure. The resulting total delivery prices are contained in Appendix 1.

For the purposes of the DPP, pass-through prices were calculated by using a multiplier applied to the total delivery price to ensure that total pass-through revenue is as close as possible to the sum of pass-through costs, recoverable costs and the (recalculated) pass-through balance from Assessment One.[1] Distribution prices, for the purposes of the DPP, were calculated as the portion of prices excluding pass-through prices. The resulting pass-through prices and distribution prices are set out in Appendix 1.

It is noted that the Distribution and Pass-through price components calculated for the purposes of the DPP differ from the Distribution and Transmission price components contained in our pricing schedule disclosure, as they are prepared on a separate basis. Network Tasman was granted an exemption by the Commerce Commission in relation to its pricing disclosures. This means that published transmission charges do not need to fully recover the incentive associated with the avoided Transpower liability that arises from the purchase of 66kV assets. In comparison the Pass-Through prices prepared for the purposes of the DPP are required to fully recover the incentive, and Distribution prices are lowered accordingly. However, the total delivery price applied in the DPP is the same as in price schedule disclosures.

i). Pass-through balance for 2017/18

The pass-through balance for 2017/18 is $81,598 (see Appendix 4 for details as to how this was calculated). This means that the pass-through prices for 2017/18 over-recover recoverable and pass-through costs by approximately $81,598.

The pass-through balance has been calculated as the Pass-through Revenue for 2017/18 minus Pass-Thru Costs for 2017/18 minus Recoverable Costs for 2017/18 plus the (recalculated) Pass-through Balance for 2016/17 adjusted for the cost of debt.

It is noted that the Pass-through Balances for Assessments One and Two (2015/16 and 2016/17, respectively) have been recalculated following clarification from, the Commerce Commission.

As is evident from Network Tasman's previous two compliance statements it had accumulated a large negative pass-through balance. This is because Network Tasman did not choose to fully include the incentive associated with transmission asset acquisition in its prices (ie, the recoverable cost provided for in clause 3.1.3(1)(e) of the Input Methodologies Determination). This approach was taken because the company considered that it did not need to fully take up

[1] Recalculation of the Pass-through Balance for Assessment One is discussed below in section i.

the incentive to achieve a reasonable return for the company, and similarly that it did not need to recover the pass through balance from 2015/16 of -$2.4m. This pricing approach reflects NTL's consumer ownership and dual focus on both operating a successful company and increasing consumer benefit.

The Commerce Commission has clarified that pass-through prices must be set so as to fully recover forecast recoverable and pass-through costs. If an EDB wishes not to recover an incentive, it would need to pass the chosen amount back to consumers by lowering the distribution component of its DPP prices. This does not affect the total delivery price charged to retailers/consumers but simply the way in which price components are set out in the DPP. The adjusted pass-through balances are in the table below.

	Pass-through Balance in Compliance Statement	Recalculated Pass-through Balance
2015/16	-$2,387,290	$171,986
2016/17	-$4,635,028	$172,446

Network Tasman's regulatory compliance process going forward has been amended so that pass-through prices will be set to fully recover all pass-through and recoverable costs, in line with the Commission's intended interpretation of the DPP and IM Determinations.

j). Network Tasman SAIDI & SAIFI Policies and Procedures

NTL is required under Clause 11.5 (e) of the Determination 2015 to describe the policies and procedures used to record the SAIDI and SAIFI statistics for the Assessment Period ended 31 March 2018. This information is provided in Appendix 9.

k). New Investment Contracts (NIC)

For the 2017/18 year, Transpower NIC charges to Network Tasman totalled $202,785 (excluding GST). In June 2017, Network Tasman signed a new NIC with Transpower in relation to the 66kV T4 transformer installation at the Stoke substation. Charges associated with the NIC are expected to start in April 2020, contingent on the commissioning date and cost of the new assets.

3 Disclaimer

The information disclosed by Network Tasman Limited in this Default Price-Quality Path Compliance Statement 2017 has been prepared solely for the purposes of complying with the requirements of the *Commerce Act 1986* and the Determination 2015.

The information in this compliance statement relates only to the lines business activities covered by the DDP Determination 2015. NTL is involved in other activities that are not required to be reported on under the Determination.

The information in this compliance statement has not been prepared for any other purpose than that required by the Determination 2015 and Network Tasman Limited expressly disclaims any liability to any party who may rely on this information for any other purpose.

Appendix 1: Schedule of DPP prices for 2017/18

The following table sets out for each price during the year ended 31 March 2018, the total price, the distribution portion of the price and the pass-through portion of the price, as required by clause 11.4(d) of the DPP Determination 2015.

PriceCode/ description	Units	Distribution Prices	Pass Through Price	Total Delivery Price
Streetlights (Watts)	c/W/day	0.073	0.044	0.117
0UNM count	c/day	33.18	19.82	53.00
1	c/day	9.39	5.61	15.00
2LLFC	c/day	9.39	5.61	15.00
2HLFC	c/day	9.39	5.61	15.00
2	c/kVA/day	3.26	1.95	5.21
HLF	c/kVA/day	25.05	14.97	40.02
1ANY	c/kWh	5.77	3.44	9.21
1DAY	c/kWh	6.35	3.79	10.14
1NIT	c/kWh	1.92	1.15	3.07
1OPK	c/kWh	4.49	2.68	7.17
1WSR	c/kWh	2.66	1.59	4.25
2ANY	c/kWh	5.08	3.03	8.11
2DAY	c/kWh	5.60	3.34	8.94
2NIT	c/kWh	1.68	1.01	2.69
2OPK	c/kWh	3.96	2.37	6.33
2WSR	c/kWh	2.35	1.40	3.75
2LANY	c/kWh	7.62	4.55	12.17
2LDAY	c/kWh	8.14	4.86	13.00
2LNIT	c/kWh	4.23	2.52	6.75
2LOPK	c/kWh	6.50	3.89	10.39
2LWSR	c/kWh	4.89	2.92	7.81
2HANY	c/kWh	10.60	6.33	16.93
2HDAY	c/kWh	11.12	6.64	17.76
2HNIT	c/kWh	7.21	4.30	11.51
2HOPK	c/kWh	9.48	5.67	15.15
2HWSR	c/kWh	7.87	4.70	12.57
HLFANY	c/kWh	1.43	0.85	2.28
HLFDAY	c/kWh	1.55	0.93	2.48
HLFNIT	c/kWh	0.44	0.27	0.71
HLFOPK	c/kWh	1.11	0.67	1.78
HLFWSR	c/kWh	0.64	0.39	1.03
GENA	c/kWh	0.00	0.00	0.00
Cat 3.1 Summer Day	c/kWh	0.45	0.00	0.45
Cat 3.1 Summer Night	c/kWh	0.24	0.00	0.24
Cat 3.1 Winter Day	c/kWh	0.80	0.00	0.80
Cat 3.1 Winter Night	c/kWh	0.24	0.00	0.24
Cat 3.1 RCPD $/kW/day	$/kW/day	0.2204	0.1317	0.3521
Cat 3.1 Anytime $/kVA day	$/kVA/day	0.0780	0.0466	0.1246
Cat 3.3 Summer Day	c/kWh	1.36	0.00	1.36
Cat 3.3 Summer Night	c/kWh	0.72	0.00	0.72
Cat 3.3 Winter Day	c/kWh	3.48	0.00	3.48
Cat 3.3 Winter Night	c/kWh	0.72	0.00	0.72
Cat 3.3 RCPD $/kW/day	$/kW/day	0.2204	0.1317	0.3521

PriceCode/ description	Units	Distribution Prices	Pass Through Price	Total Delivery Price
Cat 3.3 Anytime $/kVA day	$/kVA/day	0.0946	0.0565	0.1511
Cat 3.4 Summer Day	c/kWh	1.36	0.00	1.36
Cat 3.4 Summer Night	c/kWh	0.72	0.00	0.72
Cat 3.4 Winter Day	c/kWh	3.48	0.00	3.48
Cat 3.4 Winter Night	c/kWh	0.72	0.00	0.72
Cat 3.4 RCPD $/kW/day	$/kW/day	0.2204	0.1317	0.3521
Cat 3.4 Anytime $/kVA day	$/kVA/day	0.0995	0.0594	0.1589
Cat 3.5 Summer Day	c/kWh	0.92	0.00	0.92
Cat 3.5 Summer Night	c/kWh	0.57	0.00	0.57
Cat 3.5 Winter Day	c/kWh	2.97	0.00	2.97
Cat 3.5 Winter Night	c/kWh	0.57	0.00	0.57
Cat 3.5 RCPD $/kW/day	$/kW/day	0.2204	0.1317	0.3521
Cat 3.5 Anytime $/kVA day	$/kVA/day	0.0946	0.0565	0.1511
G3 Reactive Charge	c/kVar/day	0.2564	0.0000	0.2564
Cat 6.2	$/year	231,698	332,757	564,455
Cat 6.1	$/year	216,184	1,911,716	2,127,900
Large Embedded Generator	$/year	1,326,334	327,492	1,653,826
Nelson Electricity	$/year	0	1,921,576	1,921,576
NCA Admin G0	$/ICP	125	n/a	125
NCA Admin G1	$/ICP	250	n/a	250
NCA Admin G2	$/ICP	325	n/a	325
NCA Admin G3	$/ICP	400	n/a	400
SSDG < 10kW				
Part 1	$/SSDG	200	n/a	200
Part 1a	$/SSDG	100	n/a	100
SSDG > 10kW and < 100kW	$/SSDG	500	n/a	500
SSDG > 100kW and <1000kW	$/SSDG	1,000	n/a	1,000
SSDG > 1000kW	$/SSDG	5,000	n/a	5,000
NDL - Group 1 uncapped	$/kVA*km	7.44	n/a	7.44
NDL - Group 1 Capped	$/ICP	3,250	n/a	3,250.00
NDL - Group 2	$/kVA*km	18.32	n/a	18.32
NDL Subdivision	$/ICP	2,170.75	n/a	2,170.75

Appendix 2: Allowable notional revenue and notional revenue for year to 31 March 2018

Allowable Notional Revenue for Assessment Three	
$\sum DP_{2016/17}Q_{2015/16}$ =	$28,639,604
$ANR_{2016/17}$-$NR_{2016/17}$ =	$169,907
ΔCPI =	0.33%
X=	0
ANR = $(\sum DP_{2016/17}Q_{2015/16} + (ANR_{2016/17}-NR_{2016/17}))(1+\Delta CPI)(1-X)$ =	**$28,905,248**

Table 1: Calculation of Notional Revenue (2017/18)

Price Code/description	Quantity Units	Price Units	$Q_{2015/16}$	Distribution Prices 2017/18	Notional Revenue 2017/18 ($)
Streetlights (Watts)	Watts	c/W/day	645,064	0.073	172,447
0UNM count	ICPs	c/day	88	33.18	10,710
1	ICPs	c/day	35,332	9.39	1,210,956
2LLFC	ICPs	c/day	27	9.39	923
2HLFC	ICPs	c/day	1	9.39	34
2	kVA	c/kVA/day	120,400	3.26	1,433,285
HLF	kVA	c/kVA/day	3,081	25.05	281,764
1ANY	kWh	c/kWh	171,641,154	5.77	9,895,902
1DAY	kWh	c/kWh	1,676,673	6.35	106,429
1NIT	kWh	c/kWh	4,385,673	1.92	84,285
1OPK	kWh	c/kWh	385,658	4.49	17,310
1WSR	kWh	c/kWh	59,429,405	2.66	1,581,119
2ANY	kWh	c/kWh	65,875,871	5.08	3,344,426
2DAY	kWh	c/kWh	17,845,535	5.60	998,715
2NIT	kWh	c/kWh	7,725,947	1.68	130,100
2OPK	kWh	c/kWh	249,928	3.96	9,904
2WSR	kWh	c/kWh	3,720,023	2.35	87,328
2LANY	kWh	c/kWh	104,831	7.62	7,986
2LDAY	kWh	c/kWh	20,621	8.14	1,678
2LNIT	kWh	c/kWh	13,630	4.23	576
2LOPK	kWh	c/kWh	0	6.50	0
2LWSR	kWh	c/kWh	33,810	4.89	1,653
2HANY	kWh	c/kWh	2,350	10.60	249
2HDAY	kWh	c/kWh	0	11.12	0
2HNIT	kWh	c/kWh	0	7.21	0
2HOPK	kWh	c/kWh	0	9.48	0
2HWSR	kWh	c/kWh	0	7.87	0
HLFANY	kWh	c/kWh	4,333,751	1.43	61,855
HLFDAY	kWh	c/kWh	3,846,056	1.55	59,709
HLFNIT	kWh	c/kWh	1,588,719	0.44	7,061
HLFOPK	kWh	c/kWh	0	1.11	0
HLFWSR	kWh	c/kWh	39,756	0.64	256
GENA	kWh	c/kWh	1,596,291	0.00	0

Price Code/description	Quantity Units	Price Units	$Q_{2015/16}$	Distribution Prices 2017/18	Notional Revenue 2017/18 ($)
Cat 3.1 Summer Day	kWh	c/kWh	4,409,306	0.45	19,842
Cat 3.1 Summer Night	kWh	c/kWh	1,899,010	0.24	4,558
Cat 3.1 Winter Day	kWh	c/kWh	2,949,278	0.80	23,594
Cat 3.1 Winter Night	kWh	c/kWh	1,247,682	0.24	2,994
Cat 3.1 RCPD $/kW/day	kW	$/kW/day	1,674	0.2204	134,641
Cat 3.1 Anytime $/kVA day	kVA	$/kVA/day	2,411	0.0780	68,652
Cat 3.3 Summer Day	kWh	c/kWh	3,965,639	1.36	53,933
Cat 3.3 Summer Night	kWh	c/kWh	1,786,490	0.72	12,863
Cat 3.3 Winter Day	kWh	c/kWh	2,040,854	3.48	71,022
Cat 3.3 Winter Night	kWh	c/kWh	814,646	0.72	5,865
Cat 3.3 RCPD $/kW/day	kW	$/kW/day	1,106	0.2204	88,981
Cat 3.3 Anytime $/kVA day	kVA	$/kVA/day	2,228	0.0946	76,933
Cat 3.4 Summer Day	kWh	c/kWh	44,552,106	1.36	605,909
Cat 3.4 Summer Night	kWh	c/kWh	15,824,671	0.72	113,938
Cat 3.4 Winter Day	kWh	c/kWh	33,887,051	3.48	1,179,269
Cat 3.4 Winter Night	kWh	c/kWh	12,367,943	0.72	89,049
Cat 3.4 RCPD $/kW/day	kW	$/kW/day	16,310	0.2204	1,312,155
Cat 3.4 Anytime $/kVA day	kVA	$/kVA/day	39,440	0.0995	1,431,940
Cat 3.5 Summer Day	kWh	c/kWh	5,364,592	0.92	49,354
Cat 3.5 Summer Night	kWh	c/kWh	2,394,227	0.57	13,647
Cat 3.5 Winter Day	kWh	c/kWh	4,388,832	2.97	130,348
Cat 3.5 Winter Night	kWh	c/kWh	2,009,700	0.57	11,455
Cat 3.5 RCPD $/kW/day	kW	$/kW/day	1,880	0.2204	151,260
Cat 3.5 Anytime $/kVA day	kVA	$/kVA/day	3,858	0.0946	133,208
G3 Reactive Charge	kVAr	c/kVAr/day	158	0.2564	14,833
Cat 6.2	ICP	$/year	1	231,698	231,698
Cat 6.1	ICP	$/year	1	216,184.00	216,184
Large Embedded Generator	ICP	$/year	1	1,326,334	1,326,334
Nelson Electricity	Connection	$/year	1	n/a	n/a
NCA Admin G0	ICP	$/ICP	0	125	0
NCA Admin G1	ICP	$/ICP	508	250	127,000
NCA Admin G2	ICP	$/ICP	49	325	15,925
NCA Admin G3	ICP	$/ICP	8	400	3,200
SSDG < 10kW					
Part 1	SSDG	$/SSDG	53	200	10,600
Part 1a	SSDG	$/SSDG	93	100	9,300
SSDG > 10kW and < 100kW	SSDG	$/SSDG	0	500	0
SSDG > 100kW and <1000kW	SSDG	$/SSDG	0	1,000	0
SSDG > 1000kW	SSDG	$/SSDG	1	5,000	5000
NDL - Group 1 uncapped	kVA*km	$/kVA*km	5,985	7.44	44,546
NDL - Group 1 Capped	ICP	$/ICP	1	3,250	3,250
NDL - Group 2	kVA*km	$/kVA*km	13,125	18.32	240,428
NDL Subdivision	ICP	$/ICP	8	2,170.75	17,366
Total Notional Revenue NR (= $Q_{2015/16}$ x $DP_{2017/18}$)					**27,557,735**

Appendix 3: Pass-through revenue calculations

The calculation of pass-through revenue is contained in the following table in which 2017/18 pass-through prices ($PTP_{2017/18}$) are multiplied by 2017/18 quantities ($Q_{2017/18}$).

Table 2: Calculation of Pass-through revenue

Price Code/description	Quantity Units	Price Units	$Q_{2017/18}$	$PTP_{2017/18}$	$PTP_{2017/18}Q_{2017/18}$ ($)
Streetlights (Watts)	Watts	c/W/day	559,645	0.04	89,384.65
0UNM count	ICPs	c/day	84	19.82	6,077.43
1	ICPs	c/day	36,254	5.61	742,355.03
2LLFC	ICPs	c/day	40	5.61	819.06
2HLFC	ICPs	c/day	2	5.61	40.95
2	kVA	c/kVA/day	122,008	1.95	867,741.76
HLF	kVA	c/kVA/day	3,391	14.97	185,254.75
1ANY	kWh	c/kWh	178,237,629	3.44	6,139,466.43
1DAY	kWh	c/kWh	2,165,517	3.79	82,124.20
1NIT	kWh	c/kWh	4,026,405	1.15	46,230.37
1OPK	kWh	c/kWh	696,177	2.68	18,668.53
1WSR	kWh	c/kWh	59,510,862	1.59	945,925.15
2ANY	kWh	c/kWh	67,411,254	3.03	2,044,677.72
2DAY	kWh	c/kWh	17,044,395	3.34	569,889.58
2NIT	kWh	c/kWh	7,576,020	1.01	76,219.31
2OPK	kWh	c/kWh	289,319	2.37	6,849.40
2WSR	kWh	c/kWh	3,333,436	1.40	46,751.44
2LANY	kWh	c/kWh	206,365	4.55	9,392.88
2LDAY	kWh	c/kWh	21,811	4.86	1,060.46
2LNIT	kWh	c/kWh	13,503	2.52	340.87
2LOPK	kWh	c/kWh	215	3.89	8.35
2LWSR	kWh	c/kWh	48,624	2.92	1,420.26
2HANY	kWh	c/kWh	8,674	6.33	549.22
2HDAY	kWh	c/kWh	0	6.64	0.00
2HNIT	kWh	c/kWh	0	4.30	0.00
2HOPK	kWh	c/kWh	0	5.67	0.00
2HWSR	kWh	c/kWh	4,276	4.70	201.03
HLFANY	kWh	c/kWh	4,524,751	0.85	38,583.46
HLFDAY	kWh	c/kWh	4,546,638	0.93	42,170.98
HLFNIT	kWh	c/kWh	1,520,012	0.27	4,036.24
HLFOPK	kWh	c/kWh	0	0.67	0.00
HLFWSR	kWh	c/kWh	34,367	0.39	132.39
GENA	kWh	c/kWh	3,685,502	0.00	0.00
Cat 3.1 Summer Day	kWh	c/kWh	3,969,303	0.00	0.00
Cat 3.1 Summer Night	kWh	c/kWh	1,666,679	0.00	0.00
Cat 3.1 Winter Day	kWh	c/kWh	3,106,876	0.00	0.00
Cat 3.1 Winter Night	kWh	c/kWh	1,340,967	0.00	0.00
Cat 3.1 RCPD	kW	$/kW/day	1,483	0.1317	71,280.65
Cat 3.1 Anytime	kVA	$/kVA/day	2,419	0.0466	41,145.12
Cat 3.3 Summer Day	kWh	c/kWh	4,034,545	0.00	0.00
Cat 3.3 Summer Night	kWh	c/kWh	1,777,139	0.00	0.00
Cat 3.3 Winter Day	kWh	c/kWh	2,127,360	0.00	0.00

Price Code/description	Quantity Units	Price Units	$Q_{2017/18}$	$PTP_{2017/18}$	$PTP_{2017/18}Q_{2017/18}$ ($)
Cat 3.3 Winter Night	kWh	c/kWh	789,663	0.00	0.00
Cat 3.3 RCPD	kW	$/kW/day	1,168	0.1317	56,140.12
Cat 3.3 Anytime	kVA	$/kVA/day	2,325	0.0565	47,956.99
Cat 3.4 Summer Day	kWh	c/kWh	46,999,551	0.00	0.00
Cat 3.4 Summer Night	kWh	c/kWh	16,763,407	0.00	0.00
Cat 3.4 Winter Day	kWh	c/kWh	36,468,965	0.00	0.00
Cat 3.4 Winter Night	kWh	c/kWh	13,066,669	0.00	0.00
Cat 3.4 RCPD	kW	$/kW/day	17,156	0.1317	824,606.07
Cat 3.4 Anytime	kVA	$/kVA/day	43,243	0.0594	938,002.90
Cat 3.5 Summer Day	kWh	c/kWh	5,112,408	0.00	0.00
Cat 3.5 Summer Night	kWh	c/kWh	2,246,150	0.00	0.00
Cat 3.5 Winter Day	kWh	c/kWh	4,050,491	0.00	0.00
Cat 3.5 Winter Night	kWh	c/kWh	1,784,429	0.00	0.00
Cat 3.5 RCPD	kW	$/kW/day	1,793	0.1317	86,180.85
Cat 3.5 Anytime	kVA	$/kVA/day	3,713	0.0565	76,586.79
G3 Reactive Charge	kVAr	c/kVAr/day	188	n/a	0.00
Cat 6.2	ICP	$/year	1	332,757	332,757
Cat 6.1	ICP	$/year	1	1,911,716	1,911,716
Large Embedded Generator	ICP	$/year	1	327,492	327,492
Nelson Electricity	Connection	$/year	1	1,921,576	1,921,576
NCA Admin G0	ICP	$/ICP	0.00	n/a	0.00
NCA Admin G1	ICP	$/ICP	0.00	n/a	0.00
NCA Admin G2	ICP	$/ICP	0.00	n/a	0.00
NCA Admin G3	ICP	$/ICP	0.00	n/a	0.00
SSDG < 10kW				n/a	0.00
Part 1	SSDG	$/SSDG	0.00	n/a	0.00
Part 1a	SSDG	$/SSDG	0.00	n/a	0.00
SSDG > 100kW and <1000kW	SSDG	$/SSDG	0.00	n/a	0.00
SSDG > 10kW and < 100kW	SSDG	$/SSDG	0	n/a	0.00
SSDG > 1000 kW	SSDG	$/SSDG	0	n/a	0.00
NDL - Group 1 uncapped	kVA*km	$/kVA*km	0.00	n/a	0.00
NDL - Group 1 Capped	ICP	$/ICP	0.00	n/a	0.00
NDL - Group 2	kVA*km	$/kVA*km	0.00	n/a	0.00
NDL Subdivision	ICP	$/ICP	0.00	n/a	0.00
$PTP_{2017/18}Q_{2017/18}$					**18,601,812**

Appendix 4: Calculation of Pass-through Balance

$$PTB_{2017/18} = \sum PTP_{2017/18}Q_{2017/18} - K_{2017/18} - V_{2017/18} + PTB_{2016/17}(1+r)$$

$\sum PTP_{2017/18}Q_{2017/18}$	**$18,601,812**
$K_{2017/18}$	**$392,212**
$V_{2017/18}$	**$18,310,949**
$PTB_{2016/17}$	**$172,446**
r=	**6.09%**
Pass Through Balance	**$81,598**

It is noted that the Pass-Through Balance from the previous year (2016/17) has been recalculated and differs from the Pass-Through Balance set out in last year's compliance statement. This is discussed in section 2(i) above.

Reconciliation

The Pass-Through Balance has reduced from $172,446 in 2016/17 (or $182,948 when adjusted for the cost of debt) to $81,598 in 2017/18.

As described in Appendix 6, pass-through and recoverable costs for 2017/18 were somewhat higher than budgeted (lowering the Pass-Through Balance). Pass-through Revenue was approximately 0.5% lower than forecast Pass-Through and Recoverable Costs.

Table 3: Pass-through Balance Reconciliation

PTB(2017) adjusted for the cost of debt	$182,948
Forecast 2018 pass-through & recoverable costs	$18,693,871
Actual 2018 pass-through & recoverable costs	$18,703,162
Variance in cost estimation	$9,291
Forecast 2018 pass-through & recoverable costs	$18,693,871
Actual 2018 pass-through & recoverable revenue	$18,601,812
Variance in revenue estimation	($92,059)
PTB(2018)	$81,598

Appendix 5: Applicability of recoverable costs for 2017/18 DPP compliance

The recoverable costs that may be claimed under the DPP are set out in 3.1.3(1) of *Electricity Distribution Services Input Methodologies Determination 2012* as amended and consolidated as of 15 December 2015. An assessment of which of these are relevant to NTL's DPP calculation for the year ended 31 March 2018 is set out in the table below.

Subclause of 3.1.3(1)	Recoverable cost	Applicability to NTL for Assessment One
(a)(i)	IRIS incentive adjustment	Not applicable in the current assessment period.
(a)(ii)	CPP transition	Not applicable.
(b)	Charges payable to Transpower for electricity lines services in respect of the transmission system	Applicable - connection and interconnection charges billed by Transpower.
(c)	Transpower NIA charge	Applicable.
(d)	Charges for System Operator services	Not applicable.
(e)	Transpower charges for transmission and NIA that have been avoided as a result of an acquisition of transmission assets	Applicable as a result of December 2014 acquisition by NTL of transmission assets from Transpower.
(f)	Distributed generation allowance	Applicable – Avoided Cost of Transmission (ACOT) payments.
(g)	Claw-back applied by the Commission.	Not applicable.
(h)-(l)	Relevant to CPP	Not applicable.
(m)	Energy efficiency and demand side management incentive allowance	Not applicable.
(n)	Catastrophic allowance	Not applicable.
(o)	Extended reserves allowance	Not applicable.
(p)	Quality incentive adjustment	Not included in Assessment Three because the amount calculated for Assessment One (2015/16) has already been claimed in Assessment Two.
(q)	Capex wash-up adjustment	Applicable – source from Commerce Commission capex wash-up adjustment calculator
(r)	Transmission asset wash-up adjustment	Not relevant because transmission asset acquisition by NTL was completed prior to the commencement of the regulatory period.
(s)	2013-15 NPV wash-up allowance	Not applicable – only relevant to Alpine, Centralines and Top Energy.
(t)	A reconsideration event allowance	Not applicable.

Appendix 6: Pass-through and recoverable costs used to set prices

Pass-through costs used to set prices are those contained in the Budget column of Table 4below. Variation between actual and amount used to set prices is minor for the pass-through costs, aside from an under-estimate of the Commerce Commission Levy due to a budgeting error.

Table 4: Pass-through costs used to set prices

	Budget	Actual	% Difference
Commerce Commission Levy	$49,140	$61,002	24.1%
Electricity Authority	$111,373	$106,594	-4.3%
Utilities Disputes	$19,468	$20,783	6.8%
Local Body Rates	$198,330	$203,834	2.8%
Total	**$378,311**	**$392,212**	**3.7%**

Recoverable costs used to set prices are those contained in the Budget column of Table 5 below. There was no difference between the budget and actual recoverable costs, aside from a minor error in the Avoided Transmission Charges.

Table 5: Recoverable costs used to set prices

	Budget	Actual	% Difference
Transpower Transmission Charges for YE March 2018	$12,518,241	$12,518,241	0.0%
Avoided Transmission Charges (Embedded Generators)	$1,839,064	$1,834,454	-0.3%
Avoided Transmission Allowance (per Schedule 5E)	$4,230,147	$4,230,147	0.0%
Capex Wash-up Adjustment	($271,893)	($271,893)	0.0%
Quality Incentive Adjustment	$0	$0	0.0%
Total Recoverable Costs	**$18,315,559**	**$18,310,949**	0.0%

The fully recalculated pass-through balance for 2015/16, adjusted for the cost of debt ($171,986 x $(1.0609)^2$ = $193,572), was included when determining the 2017/18 pass-through prices.

Appendix 7: Reliability data and assessment – 2017/18

Annual reliability assessment (Compliance test)		
a. SAIDI. Assessed value =< SAIDI Limit		
	Assessed Value	120.74
	SAIDI Limit	148.31
	Test	0.81
b. SAIFI. Assessed value =< SAIFI Limit		
	Assessed Value	0.971
	SAIFI Limit	1.565
	Test	0.621

1 Recalculation of Assessed values for test

Recalculation of Boundary Values		**Recalculation**
SAIDI Unplanned Boundary Value		7.26
SAIFI Unplanned Boundary Value		0.082
a boundary is the 23rd largest value in reference dataset		
$SAIDI_B$	∑daily $SAIDI_B$ values during assessment three	71.41
$SAIDI_C$	∑daily $SAIDI_C$ values during assessment three[(1)]	85.03
$SAIFI_B$	∑daily $SAIFI_B$ values during assessment three	0.284
$SAIFI_C$	∑daily $SAIFI_C$ values during assessment three[(1)]	0.830
	Note 1. where any daily value > boundary value, use boundary value B = Planned, C = Unplanned	

SAIDI Assessed Value	recalculation=$SAIDI_B \times 0.5 + SAIDI_C$	120.737
SAIFI Assessed Value	recalculation=$SAIFI_B \times 0.5 + SAIFI_C$	0.971

2 Recalculation of Limits

Based on new reference dataset with aquired fixed asset outages included

2.1 Recalculate Targets.

$Daily_{planned}$				623.82
$Daily_{unplanned}$				949.14
SAIDITarget				**126.10**
$Daily_{planned}$				3.094
$Daily_{unplanned}$				11.932
SAIFITarget				**1.348**

Daily planned/unplanned is sum of all values in Reference Dataset
Recalculated Targets are (DailyPlanned×0.5+DailyUnplanned)/10

2.2 Recalculate Deviation per 4B

SAIDIdeviation		1.162
SAIFIdeviation		0.011

2.3 New limits

SAIDI Limit	*Recalculation=(Target+(Sdeviation×√365)*	148.31
SAIFI Limit	*Recalculation=(Target+(Sdeviation×√365)*	1.565

3 Recalculation for Quality Incentive Adjustment

For information only in Assessment Three

SAIDI Collar	*Recalculation=(Target-(Sdeviation×√365)*	103.90
SAIFI Collar	*Recalculation=(Target-(Sdeviation×√365)*	1.131
SAIDI Cap	*= SAIDI Limit*	148.31
SAIFI Cap	*= SAIFI Limit*	1.565

a) Find S_{SAIDI}

$SAIDI_{IR}$				6,325
SAIDItarget				126.105
SAIDIassess				120.737
S_{SAIDI}= ($SAIDI_{IR}$×(SAIDItarget-SAIDIassess)				**$33,949**

b) Find $SAIDI_{IR}$

SAIDIcap				148.313
SAIDItarget				126.105
REVrisk		1%	28,092,000	280,920
$SAIDI_{IR}$=(0.5×Rev_{Risk})/(SAIDIcap=SAIDItarget)				**$6,325**

c) Find S_{SAIFI}

$SAIFI_{IR}$				646,590
SAIFItarget				1.348
SAIFIassess				1.131
S_{SAIFI}= ($SAIFI_{IR}$×(SAIFItarget-SAIFIassess)				**$140,460**

d) Find $SAIFI_{IR}$			
SAIFIcap			1.565
SAIFItarget			1.348
REVrisk	1%	28,092,000	280,920
$SAIFI_{IR}$=(0.5×RevRisk)/(SAIFIcap=SAIFItarget)			**$646,590**
e) Calculate incentive			
SSAIDI			$33,949
SSAIFI			$140,460
STOTAL = SSAIDI + SSAIFI			**$174,409**

Note: Recalculated on 10yr reference dataset as per Schedule 4B

It is noted that the Schedule 4B calculations above are amended as compared with those in Network Tasman's compliance statements for Assessments One and Two. The amendments were made to correct for errors in relation to: (1) the erroneous inclusion of 4 Transpower events that did not obviously relate to the acquired assets; and (2) the exclusion of zero event days from the calculation of the standard deviation.

Quality Incentives

As per the calculations above, the quality incentive for use in Assessment Five (2019/20) is $174,409.

The corrections to the Schedule 4B result in the amendments to the quality incentives for Assessments One and Two, as set out in Table 6.

Table 6: Corrections to quality incentives for Assessments One and Two

	2016	2017
Before correction	$5,619	$42,315
After correction	($35,126)	$37,571

Major Event Days

There were 3 major event days during the year ending March 2018, all due to ex-Tropical Cyclones affecting the Nelson-Tasman region.

On 1 February 2018, ex-tropical Cyclone Fehi moved through the Nelson region, coinciding with a king tide. The storm and tidal surge cause flooding and windblown debris to affect our network. This resulted in numerous outages with specific causes including: a submerged transformer in Monaco; three 11kV poles washed out in the Glen; and a blown transformer in Richmond.

On 20 February 2018, ex-tropical Cyclone Gita affected the Tasman region. The storm caused road closures, localised flooding and slips which hampered restoration efforts. Specific causes of outages resulting from the storm included: a broken cross-arm on the Takaka 33 kV line, trees on lines, slips over poles and flooding.

Date	Event
1-Feb-2018	Adverse weather – Ex-Tropical Cyclone Fehi
20-Feb-2018	Adverse weather – Ex-Tropical Cyclone Gita
21-Feb-2018	Adverse weather – Ex-Tropical Cyclone Gita

Appendix 8: Two previous annual reliability assessments

The following annual reliability assessments for two previous assessment periods have been calculated using the corrected Schedule 4B calculations discussed above in Appendix 7.

Annual Reliability Assessment 2016/17

Network Tasman Limited ***fully complies with the default quality standard*** in Clause 9 of *Determination 2015* for the assessment period ended 31 March 2017. In particular:

- NTL's assessed SAIDI value did not exceed the SAIDI Limit
- NTL's assessed SAIFI value did not exceed the SAIFI Limit

The following test confirms NTL's compliance under 9.1a.

Figure 2: Quality standards compliance with clause 9.1a of the DPP Determination 2015

Test per 9.1a:

SAIDI Assessed Value ≤ SAIDI Limit recalculated in accordance with Schedule 4B

Assessed Value	131.84
SAIDI Limit	148.31
SAIDI complies with assessment	

SAIFI Assessed Value ≤ SAIFI Limit recalculated in accordance with Schedule 4B

Assessed Value	1.234
SAIFI Limit	1.565
SAIFI complies with assessment	

Annual Reliability Assessment 2015/16

The quality standards assessments for SAIDI and SAIFI below demonstrate that for the Assessment Period ended 31 March 2016, Network Tasman's:

- Assessed SAIDI value did not exceed the SAIDI Limit
- Assessed SAIFI value did not exceed the SAIFI Limit

when calculated in accordance with *Clause 9.1a of the DPP Determination 2015*.

Figure 3: Quality standards compliance with clause 9.1a of the DPP Determination 2015

Test per 9.1a:

SAIDI Assessed Value ≤ SAIDI Limit recalculated in accordance with Schedule 4B

Assessed Value	136.31
SAIDI Limit	148.31
SAIDI complies with assessment	

SAIFI Assessed Value ≤ SAIFI Limit recalculated in accordance with Schedule 4B

Assessed Value	1.302
SAIFI Limit	1.565
SAIFI complies with assessment	

Appendix 9: Reliability Recording Policies and Procedures

For the purposes of compiling annual SAIDI and SAIFI data:

1) A high voltage outage on the distribution network is defined as an event resulting in loss of supply to any number of consumers for a duration of more than one minute
2) Only those outages resulting in de-energisation of a high voltage feeder or conductor (6.6kV and above on NTL's network) are included in SAIDI & SAIFI statistics. Outages stemming from low voltage (400V) equipment are excluded.
3) Both planned (Class B) and unplanned (Class C) events are included within high voltage outage statistics
4) All high voltage outages are managed through Network Tasman's control room by a qualified NTL System Operator
5) The Faults and Maintenance Contract between NTL and its faults contractor, Delta, obligates both parties to manage all outage events centrally through the System Operator located in NTL's control room.
6) All HV fault switching operations are recorded by the System Operator in the Control Room Log at the time the activity takes place. This provides a detailed record of the switching events for future reference and record keeping.

Under fault conditions, customers affected by operation of a distribution system high voltage protection device can be divided into:

(a) Those within the core fault area (i.e. who won't have supply restored until the necessary line repairs are completed)
(b) Those outside the immediate fault area (i.e. who can have power restored through co-ordinated switching activity)

To calculate the customer minutes lost under each fault event, each event is approximated as a maximum two step restoration process. This is in keeping with the philosophy of fault restoration that relies on the following sequential process for supply restoration:

(a) Identification, isolation and minimisation of the core fault area.
(b) Restoration, through switching, of supply to areas not immediately within the core fault area
(c) Making repairs and restoration of the core fault area.

The switching and recording process is managed by a NTL System Operator using NTL's Geographical Information System (GIS). To record outage data the operator draws geographical selection polygons around all sections of the high voltage line affected by the fault event. The software is then used to select and identify all the distribution transformers within the fault area. A query is then made into NTL's customer connection database to find and list all customers (ICPs) connected to those transformers affected by the fault event.

This data is then used in the following formula to calculate the total customer minutes for a fault event:

Total No. of customers initially affected **x** (Time Unfaulted Area restored – Time of Initial Interruption)
+
No. of Fault area customers **x** (Time Fault Area restored – Time Unfaulted Area restored)

Planned and unplanned events rely on essentially the same recording process however by nature, planned interruptions can be identified down to a predetermined set of consumers within a known area in advance.
The total customer minutes for a planned interruption are thus calculated using the following formula:

> Total No. of customers interrupted **x** (Time Interrupted Area restored – Time of Initial Interruption)

The system operator records details of all outage events in the NTL Outage Database. This is an access database that remains on line in the control room. Each planned or unplanned event forms a one record entry into the database. The Outages Database is subject to NTL's normal electronic file backup and security protocols.

The Outage Database records the following data fields for each event:

- Date
- ID number of the protective device that has operated (allows identification of the HV feeder and area affected)
- Area: (Text description of area affected)
- Description; (Text description of fault cause and type – recorded once known)
- Outage type (Planned Shutdown or Fault)
- Area Class (Urban or Rural)
- Fault Class (Overhead or Underground)
- Fault Voltage (6.6kV, 11kV, 33kV, 66kV)
- Outage Region (Stoke, Motueka, Golden Bay, Kikiwa, Murchison)
- Time of Initial Interruption
- Time Unfaulted Area Restored
- Time Fault area restored
- Customers (ICPs) in Total Area (recorded post event)
- Customers (ICPs) in Fault area (recorded post event)

Unless otherwise stated all data is recorded on line by the NTL System Operator at the time of the event.

The outage database supports the following NTL activities:

1) Queries on an as needed basis by NTL's Network and Operations Managers
2) Summary outage statistics are prepared and provided to NTL's CEO and Board of Directors on a monthly basis and are compared against expected values.
3) Annual outage statistics are prepared and independently audited for regulatory and financial reporting purposes.
4) Summary statistics are recorded on a cumulative basis and are used for comparative analysis and form a key input into NTL's annual Asset Management Planning process.
5) Annual data is also reported against reliability targets in NTL's SCI, Information Disclosure Statements and Annual Financial Statements.
6) The SCI targets are negotiated and agreed annually with the Network Tasman Trust.

Appendix 10: 2016/17 quantities and pass-through prices

As required under the clause 11.4(f) of the DPP Determination, 2016/17 quantities and pass-through prices are in the following table.

PriceCode/description	Quantity Units	Price Units	$Q_{2016/17}$	$PTP_{2016/17}$
Streetlights (Watts)	Watts	c/W/day	558,976	0.038
0UNM count	ICPs	c/day	85	18.00
1	ICPs	c/day	35,749	3.15
2LLFC	ICPs	c/day	37	3.15
2HLFC	ICPs	c/day	2	3.15
2	kVA	c/kVA/day	120,518	1.53
HLF	kVA	c/kVA/day	3,218	8.78
1ANY	kWh	c/kWh	177,450,736	3.04
1DAY	kWh	c/kWh	1,907,057	3.36
1NIT	kWh	c/kWh	4,419,404	1.03
1OPK	kWh	c/kWh	436,912	2.33
1WSR	kWh	c/kWh	61,785,579	1.38
2ANY	kWh	c/kWh	65,013,710	2.24
2DAY	kWh	c/kWh	16,787,597	2.49
2NIT	kWh	c/kWh	7,921,016	0.75
2OPK	kWh	c/kWh	257,779	1.72
2WSR	kWh	c/kWh	3,678,732	1.03
2LANY	kWh	c/kWh	197,206	3.36
2LDAY	kWh	c/kWh	17,709	3.62
2LNIT	kWh	c/kWh	13,274	1.89
2LOPK	kWh	c/kWh	177	2.82
2LWSR	kWh	c/kWh	42,705	2.14
2HANY	kWh	c/kWh	6,243	4.69
2HDAY	kWh	c/kWh	0	4.95
2HNIT	kWh	c/kWh	0	3.23
2HOPK	kWh	c/kWh	0	4.13
2HWSR	kWh	c/kWh	1,016	3.46
HLFANY	kWh	c/kWh	5,060,318	0.61
HLFDAY	kWh	c/kWh	4,044,475	0.67
HLFNIT	kWh	c/kWh	1,666,851	0.19
HLFOPK	kWh	c/kWh	0	0.48
HLFWSR	kWh	c/kWh	34,536	0.28

PriceCode/description	Quantity Units	Price Units	Q2016/17	PTP2016/17
GENA	kWh	c/kWh	2,828,885	0.00
Cat 3.1 Summer Day	kWh	c/kWh	4,359,894	0.00
Cat 3.1 Summer Night	kWh	c/kWh	1,809,313	0.00
Cat 3.1 Winter Day	kWh	c/kWh	3,007,389	0.00
Cat 3.1 Winter Night	kWh	c/kWh	1,295,466	0.00
Cat 3.1 RCPD $/kW/day	kW	$/kW/day	1,450	0.3077
Cat 3.1 Anytime $/kVA day	kVA	$/kVA/day	2,412	0.0338
Cat 3.3 Summer Day	kWh	c/kWh	3,888,798	0.00
Cat 3.3 Summer Night	kWh	c/kWh	1,725,422	0.00
Cat 3.3 Winter Day	kWh	c/kWh	2,089,711	0.00
Cat 3.3 Winter Night	kWh	c/kWh	843,363	0.00
Cat 3.3 RCPD $/kW/day	kW	$/kW/day	993	0.3077
Cat 3.3 Anytime $/kVA day	kVA	$/kVA/day	2,319	0.0338
Cat 3.4 Summer Day	kWh	c/kWh	45,108,939	0.00
Cat 3.4 Summer Night	kWh	c/kWh	15,810,534	0.00
Cat 3.4 Winter Day	kWh	c/kWh	35,109,862	0.00
Cat 3.4 Winter Night	kWh	c/kWh	12,605,606	0.00
Cat 3.4 RCPD $/kW/day	kW	$/kW/day	17,313	0.3077
Cat 3.4 Anytime $/kVA day	kVA	$/kVA/day	41,326	0.0338
Cat 3.5 Summer Day	kWh	c/kWh	5,164,171	0.00
Cat 3.5 Summer Night	kWh	c/kWh	2,256,059	0.00
Cat 3.5 Winter Day	kWh	c/kWh	4,431,814	0.00
Cat 3.5 Winter Night	kWh	c/kWh	1,975,078	0.00
Cat 3.5 RCPD $/kW/day	kW	$/kW/day	1,866	0.3077
Cat 3.5 Anytime $/kVA day	kVA	$/kVA/day	3,702	0.0338
G3 Reactive Charge	kVAr	c/kVAr/day	168	0.0000
Cat 6.2	ICP	$/year	1	362,829
Cat 6.1	ICP	$/year	1	1,815,008
Large Embedded Generator	ICP	$/year	1	318,948
Nelson Electricity	Connection	$/year	1	2,158,233
NCA Admin G0	ICP	$/ICP	n/a	n/a
NCA Admin G1	ICP	$/ICP	n/a	n/a
NCA Admin G2	ICP	$/ICP	n/a	n/a
NCA Admin G3	ICP	$/ICP	n/a	n/a
SSDG < 10kW				
Part 1	SSDG	$/SSDG	n/a	n/a
Part 1a	SSDG	$/SSDG	n/a	n/a
SSDG > 10kW and < 100kW	SSDG	$/SSDG	n/a	n/a
SSDG > 100kW and <1000kW	SSDG	$/SSDG	n/a	n/a

PriceCode/description	Quantity Units	Price Units	Q2016/17	PTP2016/17
SSDG > 1000kW	SSDG	$/SSDG	n/a	n/a
NDL - Group 1 uncapped	kVA*km	$/kVA*km	n/a	n/a
NDL - Group 1 Capped	ICP	$/ICP	n/a	n/a
NDL - Group 2	kVA*km	$/kVA*km	n/a	n/a
NDL Subdivision	ICP	$/ICP	n/a	n/a

Independent Assurance Report

To the directors of Network Tasman Limited and the Commerce Commission

The Auditor-General is the auditor of Network Tasman Limited (the company). The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to provide an opinion, on his behalf, on whether the Annual Compliance Statement for the year ended on 31 March 2018 on pages 2 to 26 has been prepared, in all material respects, with the Electricity Distribution Services Default Price-Quality Path Determination 2015 (the Determination).

Directors' responsibilities for the Annual Compliance Statement

The directors of the company are responsible for the preparation of the Annual Compliance Statement in accordance with the Determination, and for such internal control as the directors determine is necessary to enable the preparation of an Annual Compliance Statement that is free from material misstatement.

Our responsibility for the Annual Compliance Statement

Our responsibility is to express an opinion on whether the Annual Compliance Statement has been prepared, in all material respects, in accordance with the Determination.

Basis of opinion

We conducted our engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Standard on Assurance Engagements 3100: Compliance Engagements issued by the External Reporting Board. Copies of these standards are available on the External Reporting Board's website.

These standards require that we comply with ethical requirements and plan and perform our assurance engagement to provide reasonable assurance about whether the Annual Compliance Statement has been prepared in all material respects in accordance with the Determination.

We have performed procedures to obtain evidence about the amounts and disclosures in the Annual Compliance Statement. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the Annual Compliance Statement, whether due to fraud or error or non-compliance with the Determination. In making those risk assessments, we considered internal control relevant to the company's preparation of the Annual Compliance Statement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

In assessing the disclosures about compliance with the price path in clause 8 of the Determination for the assessment period ended on 31 March 2018, our assurance engagement included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 2 to 6 (excluding references to Quality Standards Compliance) and pages 7 to 15 and pages 24 to 26 of the Annual Compliance Statement.

In assessing the disclosures about compliance with the quality standards in clause 9 of the Determination for the assessment period ended on 31 March 2018, our assurance engagement included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on page 3 (excluding references to Price Path Compliance) and pages 16 to 23 of the Annual Compliance Statement.

Our assurance engagement also included assessment of the significant estimates and judgements, if any, made by the company in the preparation of the Annual Compliance Statement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of this report

This independent assurance report has been prepared solely for the directors of the company and for the Commerce Commission for the purpose of providing those parties with reasonable assurance about whether the Annual Compliance Statement has been prepared, in all material respects, in accordance with the Determination. We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors of the company or the Commerce Commission, or for any other purpose than that for which it was prepared.

Scope and inherent limitations

Because of the inherent limitations of a reasonable assurance engagement, and the test basis of the procedures performed, it is possible that fraud, error or non-compliance may occur and not be detected.

We did not examine every transaction, adjustment or event underlying the Annual Compliance Statement nor do we guarantee complete accuracy of the Annual Compliance Statement. Also we did not evaluate the security and controls over the electronic publication of the Annual Compliance Statement.

The opinion expressed in this independent assurance report has been formed on the above basis.

Independence and quality control

When carrying out the engagement, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised) issued by the New Zealand Auditing and Assurance Standards Board; and

- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

We also complied with the independent auditor requirements specified in the Determination.

The Auditor-General, and his employees, and Audit New Zealand and its employees may deal with the company and its subsidiary on normal terms within the ordinary course of trading activities of the company. Other than any dealings on normal terms within the ordinary course of business, this engagements for the company which are compatible with those independence requirements:

- the annual audit of the company and its subsidiary financial statements; and
- an assurance engagement in connection with the company's compliance with the Electricity Distribution (Information Disclosure) Requirements 2012 for the regulatory year ended 31 March 2017.

We have no relationship with or interests in the company and its subsidiary.

Opinion

In our opinion:

- as far as appears from an examination, the information used in the preparation of the Annual Compliance Statement has been properly extracted from the company's accounting and other records, and has been sourced, where appropriate, from its financial and non-financial systems; and
- the Annual Compliance Statement of company for the year ended on 31 March 2018, has been prepared, in all material respects, in accordance with the Determination.

In forming our opinion, we have obtained sufficient recorded evidence and all the information and explanations we have required.

Ian Lothian
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
13 June 2018